1:Stanford U. S-4, 5 1956 AF14 Central China AF14

in January 1954, is paid on deposits;[8] to state enterprises, 2.52 per cent; to joint state-private enterprises, 3.24-7.2 per cent; to private enterprises for current deposits, 5.10-5.40 per cent; and for time deposits, 9.0-14.4 per cent. 652 453

In order to attract scattered funds held by individuals and prevent them from holding cash beyond the fixed limit, the People's Bank, in addition to sub-branches and agencies, has savings receiving and paying stations in residential quarters of each city. Officers of these stations visit residents frequently to collect their savings. In villages, People's Bank's agencies invite local leaders to organize savings promotion committees to do the work of propaganda and persuasion. By such means most families are forced to open savings accounts with banks. High interest rates of 5 per cent to 5.4 per cent for current savings deposits and 9 per cent to 14.4 per cent for fixed savings deposits are paid.[9] 652 454

Bank deposits in Central-South China used to rank last, having totaled only one-sixth of those deposited in East China. This was not only because of the lack of banking facilities, but also because the people of Kwangtung, the richest province in this area, preferred to hold banknotes issued by the foreign banks in Hong Kong rather than to deposit their funds in Chinese banks. Although the Communists boast that as a result of their promotion of savings deposits one out of every six persons in Canton now has a savings bank account, the amount of total

8. Jen-min Jih-pao [People's Daily], Peking, January 1954.

9. Chung-kuo Ching-chi Nien-pao [China Economic Annual], No. 1, Tokyo, China Research Institute, 1952.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

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savings deposits in Central South is not available. 454

The Communists regard overseas remittances to families of overseas Chinese in Kwangtung as an important source of deposits. Each family receiving remittances has to open a bank account, and always find drawing on it difficult. This has resulted in a decrease of remittances. 652-457

The government has attempted to attract to the bank the plentiful funds received in lump sums by peasants after they sell their harvest of grain and cotton to the government monopoly. The bait for deposits in the banks or credit co-operatives is a very high interest rate; it is 14.4 per cent for deposits under three months and 18 per cent for those of more than three months. But after the winter of 1954, only in Kiangsi Province did the deposits reach 30 per cent of the purchase proceeds; they were only 5 per cent in Honan Province, and much less in Hunan, Kwangtung, and Kwangsi.[10] Some peasants were afraid to expose their cash receipts, and others prefer to hoard commodities. 652 454

Different forms of bank transfers of funds within one city or between two different places are available. The limit of cash a person may legally carry when travelling is limited to PB$1 million, old currency (about US$40).[11] 652 453

10. Ta-kung Pao [Ta-kung Daily], Tientsin January 3, 1955.

11. Cheng Chu-yüan, op. cit., p. 84.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

the people's purchasing power had increased 30 per cent[27] in 1952 in comparison with that of 1950. In the spring of 1953 the sales of commodities such as cotton underwear, woolen cloth, socks, toothpaste, rubber shoes, and thermos flasks in the State department store in Wuhan were one to four times more[28] than those in the spring of 1952.

Besides the basic wages, the workers earn additional income through piece-rate payments, bonuses, and participation in production contests. On the other hand, gross income is subject to various deductions in union fees, "voluntary" contributions, and purchase of government bonds. The last item is a kind of compulsory savings imposed upon the workers by the government to prevent inflation and to cover up the fact of undersupply of consumers' goods in Communist China. When the Chinese People's Government issued Victory Bonds in 1950, 30,000 points[29] were allocated to Central-South China. Party members and cadres of trade unions advised workers to buy bonds. The floating of National Reconstruction Bonds in 1954 again absorbed one portion of the increase in wages. Accordingly, Communist reports of the rise of the living standard of the Chinese working class are open to suspicion.

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27. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, Feb. 24, 1953, p. 10.

28. Ibid., Sept. 8, 1953, p. 5.

29. Cf. Workers' Daily, Dec. 31, 1949, p. 1. One point represents the total value of 6 catties of rice, 1 catty of flour, 4 ch'ih of cotton cloth, and 16 catties of coal. (One catty = 1.1 lb., one ch'ih = 1.09 feet.)